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October 23, 2003

Dear Xxxxx:

This letter is in response to your letter dated August 14, 2003 in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.ILTAX.com](http://www.ILTAX.com) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I was wondering if you could answer one quick question for me.

A company has it's office in Indiana where it accepts orders for its larger accounts. It also has a couple retail facilities in Illinois.

Occasionally the company will have a customer(s) that request a large amount of what it sells. The order is phoned or faxed generally to the Ind. office where it is accepted. At the time the order is received, the property is not in the company's inventory. The company will call one of two vendors, one in Illinois and one in Indiana and, depending primarily on price, will purchase the property from that vendor. It will then send one of its trucks to pick up the property, either from the Illinois or the Indiana vendor, and deliver it to the Illinois customer(s).

It would appear to me that regardless of where the property is purchased, the rate to be charged to the company's customer (these sales are not exempt) would be 6.25%. Do you agree?

**DEPARTMENT'S RESPONSE:**

For your general information, please see the enclosed copy of Sec. 270.115 of the Home Rule Municipal Retailers' Occupation Tax for guidance concerning jurisdictional questions. In general, the imposition of the various sales tax related local taxes in Illinois are triggered when "selling" occurs in a jurisdiction imposing a tax. The Department's opinion is that the most important element of selling is the seller's acceptance of the purchase order. Consequently, if a purchase order is accepted in a jurisdiction that imposes a local tax, that tax will be incurred. See 86 Ill. Adm. Code 270.115.

If a purchase order is accepted outside the State, but the property being sold is located in an Illinois jurisdiction that has imposed a local tax (see, for example, Section 270.115(b)(3)), then the location of the property at the time of sale will determine where the seller is engaged in business for the purpose of determining the imposition of applicable local sales taxes.

If a purchase order is accepted outside the State and the property is not in the inventory of the retailer located within a local jurisdiction that imposes a local tax, the tax rate incurred would not exceed 6.25%

I hope this information is helpful. If you require additional information, please visit our website at [www.ILTAX.com](http://www.ILTAX.com) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

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Enc.